

MEMORANDUM.

MEAT PACKERS

**PRESENTED BY THE MEAT PACKERS OF ONTARIO AND QUEBEC AT A
MEETING HELD WITH MEMBERS OF THE GOVERNMENT
ON MONDAY, FEBRUARY 13, 1911.**

MEMORANDUM.

The meat packers of Ontario and Quebec have in good faith invested large sums of money in fixed assets, represented by their buildings and plant. They have had the courage to build and equip their houses in advance of the production of hogs necessary to their operation. They have to-day, as they have had for years past, an aggregate capacity greatly exceeding the aggregate supply of hogs. They are therefore deeply concerned and have great anxiety as to the effect upon these investments if the proposed reciprocal trade relations are established between Canada and the United States.

The Ontario and Quebec packer has marketed his cured pork products in Canada and in Great Britain. Exports to Great Britain, which, in 1890, were \$600,000, thirteen years later aggregated \$15,000,000 and at present aggregate between \$6,000,000 and \$7,000,000 annually. During this period of twenty years the domestic trade has steadily enlarged. In recent years large quantities of product hitherto exported have been consumed at home. This increased domestic demand has come chiefly from the western provinces. Undisturbed by tariff changes, these western provinces would ultimately raise and pack hogs in excess of their requirements, when the surplus, as well as the surplus from Ontario and Quebec, would go to Great Britain, and would re-establish or enlarge the export figures of 1903.

The continuance of this domestic and export trade we believe to be vital alike to packer and farmer in the provinces of Ontario and Quebec. Each supplements the other and provides invaluable flexibility. It is because of this combined trade that during the last twenty years the average price of hogs in Ontario and Quebec each year has exceeded the average price of hogs in the United States. We have not had the extreme range in values incident to United States markets, hence we have not been as high in price during a period of extraordinary high levels, nor have we been as low in price during a period of extraordinary low levels, but the average price throughout any year (with the exception of two years, when the price was in favour of Buffalo) has been higher.

Under the proposed reciprocity agreement the trade of the western provinces, now so important and becoming increasingly so, will be lost to the Ontario and Quebec packer. The lower price for hogs at Western United States packing points, the more favourable rate of freight for cured product from these packing points to the western provinces of Canada, the higher return secured for offal, and the lower operating charge per pound of product through large volume, establish conditions so favourable to the Western United States packer that the trade of the western provinces would pass to him. The proposed duty of 1½c. per lb. (say 10 to 12 per cent) in contrast to the present duty of 2c. per lb. (say 15 to 18 per cent) is insufficient to offset the advantages (as indicated above) enjoyed by the Western American curer.

If this western trade were lost to the Ontario and Quebec packer through the raising and packing of hogs in the western provinces, with the existing tariff conditions undisturbed, no serious trouble would follow, as the quantity of product exported would be increased as the western business decreased. Under reciprocity, however, packers in the provinces of Ontario and Quebec would be put in a position which must cripple and later destroy the export trade, as the minimum buying price of hogs

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in Ontario and Quebec would then always be determined by Buffalo and other near by United States markets. There would be then, as there are now, periods each year when, through some conditions peculiar to the United States, the buying price for hogs established by these United States markets would be higher than the relative value of export product. During such periods the hogs from Ontario would be marketed in Buffalo and Detroit. The Ontario and Quebec packer would be unable to operate, and for whatever length of time these conditions prevailed export product would not be made and hence would not be forwarded to Great Britain.

It is vital to the continuance of an export trade to Great Britain that shipments should go forward for arrival every week in the year. These shipments should be in quantity as nearly regular as possible each week during the year. This trade to Great Britain cannot be sustained unless such constancy of shipments is maintained. This export trade in Canadian bacon could not survive if the product were on the market for a period of weeks then off the market for a period of weeks. It is a trade which if cared for regularly is sufficiently generous in the average price established to make it worth while to the Canadian producer and packer, and it has been this trade, supplemented by the domestic business, which has made the establishment of the hog industry possible in the provinces of Ontario and Quebec.

It may be argued that the Ontario and Quebec packers cannot object to the proposed changes. They have indicated that the average buying price of hogs in these provinces is higher than the average buying price of hogs in the United States, hence under reciprocity they would be in a position to buy and slaughter cheap American hogs.

It will be sufficient to point out that the extreme fluctuations in price in the United States would be the controlling factor. During periods when the buying price of hogs thus determined by the United States was unduly low, packers in these provinces would be able to operate on a large scale, making United States cuts for the export trade. During periods when a high price prevailed, determined by conditions peculiar to the United States, and when there was no parity for the time being between such buying price thus established and the clearance value of export meats, the Ontario and Quebec packer would be forced to close down. Deprived of his western business through the lowering of the tariff, deprived of his export business during longer or shorter periods each year, the Ontario and Quebec packer would find his dependable trade confined to his local provincial business. This would be of insufficient volume to pay operating charges. The irregularity in the operation of packing houses under such conditions would introduce labour and other troubles and would so increase the operating charge per pound of product that the continuance of the business would be impossible.

We believe, therefore, that the interference with the regularity of export shipments, the interference with the existing market for domestic products, and the consequent interference with the regularity of operation of the packing houses which would follow the adoption of the proposed reciprocity agreement, would result in the destruction of the meat packing industry in Ontario and Quebec.

We believe in addition that the industry of hog raising in these provinces would be greatly injured and would ultimately fall into minor proportions. Farmers would be denied the advantages under which the industry has been established, as the buying price for hogs is now determined by returns secured from export and interprovincial trade, with the consequent general average of buying prices higher than those current in the United States. With the return of the inevitably low prices in the United States, and for long periods, similarly low prices must follow in these provinces. For the reasons given we do not consider that the Ontario and Quebec farmer under reciprocity would secure the advantages of the occasionally high United States market and retain the advantages of the present generally high hog market which is the outcome of the present export trade to Great Britain. Reciprocity as proposed would ultimately result in the price paid for hogs in Ontario and Quebec being deter-

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mined solely by United States hog prices. We do not consider that the feeding conditions in Ontario and Quebec are fairly competitive with the feeding conditions of the western United States. We believe that forced into lower values by the United States feeders, farmers in the provinces of Ontario and Quebec would become discouraged and would ultimately largely go out of the business of hog raising.

We therefore respectfully but earnestly press upon you our conviction that if the proposed reciprocal agreement becomes operative, the meat packing and hog raising industries in Ontario and Quebec will fall into such small proportions that they will practically cease to be industries of the country. This will impose great loss and severe hardship upon the packers, deprive their workpeople of employment, turn the farmers in these provinces from the production of hogs, and deprive the country generally of the direct and collateral advantages of important industries.

The gravely serious situation incident to these proposals and the importance that the statements which we have made may command your respect, seem to make it fitting that we should refer to the unfortunate spirit of suspicion to which the industry with which we are identified has been subjected for many years. It has been so commonly and continuously asserted that through combination or agreement the packers in the provinces of Ontario and Quebec denied to the producer a just value for his stock and to the consumer a reasonable price for the products which he used, that it is now generally accepted that some such combination or understanding exists, or did exist. We desire to earnestly assure you that there has been at no time any foundation in fact for such impressions or belief. There is not now, there has not been at any time, a combination, or any form of understanding, implied or actual, whereby the buying price of hogs or cattle has been fixed, or the selling price of products established. Every house in the trade, independent of every other house, has sought to interpret their day to day operations as their best judgment might direct. Without intermission during all the years in which the trade has been carried on, the price of hogs and cattle has been determined under active competitive conditions, as has the sale of the product from such hogs and cattle. Notwithstanding frequent denials by everyone in the trade, the charge which originated in imagination has grown to be generally accepted as true. It has not at any time been supported by evidence. It could not be so supported, as none existed.



